



Biotech Daily

Tuesday March 5, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH FLAT: CELLMID UP 12%, PRANA DOWN 10%**
- * **'COALITION WILL PROTECT R&D' MP O'DWYER TELLS BIO-MELBOURNE**
- * **BENITEC RAISES \$800k**
- * **JAPANESE PATENT FOR IMUGENE'S LINGUET**
- * **APPEAL LODGED AGAINST GENETIC TECHNOLOGIES PATENT FINDING**
- * **CHARLES GOODE COMPANIES TAKE 6% OF COGSTATE**
- * **RESMED CEO MICHAEL FARRELL STARTS ON \$732k**

MARKET REPORT

The Australian stock market climbed 1.3 percent on Tuesday March 5, 2013 with the S&P ASX 200 up 64.9 points to 5,075.4 points.

Nine of the Biotech Daily Top 40 stocks were up, nine fell, 14 traded unchanged and eight were untraded.

Cellmid was the best, up 0.4 cents or 12.1 percent to 3.7 cents with 37.5 million shares traded.

Avita and Ellex climbed four percent or more; Sirtex was up 3.6 percent; Acrux, Clinuvel, Neuren and Pharmaxis rose two percent or more; Resmed and Universal Biosensors were up more than one percent; with Cochlear up 0.2 percent.

Prana led the falls, down 2.5 cents or 10 percent to 22.5 cents with 1.1 million shares traded.

Living Cell fell 4.1 percent; Alchemia and Phosphagenics lost more than three percent; Bionomics, Medical Developments and Tissue Therapies shed two percent or more; with Anteo and GI Dynamics down more than one percent.

BIO-MELBOURNE NETWORK

Federal Liberal MP Kelly O'Dwyer says that if the Coalition wins the next election, research and development funding will be protected at current levels.

Speaking to a Bio-Melbourne Network Bio-Breakfast, the Federal Member of the House of Representatives for Higgins, Ms O'Dwyer, said the Coalition had committed itself to preserving current levels of funding.

At the end of the Bio-Breakfast on research and development funding, Ms O'Dwyer told Biotech Daily that the commitment was for all funding including National Health and Medical Research Council grants, Australian Research Council grants and Linkage programs, Innovation Investment Funds and Commercialisation Australia.

Ms O'Dwyer referred to a media statement by Opposition Leader Tony Abbott and Opposition Health spokesman Peter Dutton that was released on January 31, 2013, but received little or no media attention.

"While Budget conditions are tough and the Coalition is committed to returning the Budget to surplus, we also recognize that funding of medical research needs to be consistent and ongoing to ensure Australia does not hollow out its capabilities," Mr Abbott said.

"Our commitment to protect medical research funding continues on the record of the last Coalition Government," Mr Abbott said.

"The last Coalition Government increased funding for the National Health and Medical Research Council five-fold from \$131 million in 1995-'96 to \$715 million in 2010-'11 after our funding commitments had been implemented," Mr Abbott said.

"As Health Minister, I announced an additional \$905 million for Australian health and research in 2006 and in 2007, provided \$485 million in grants to medical research facilities," Mr Abbott said.

"Our commitment to protecting the funding of medical research is in contrast to Labor's previous attempt to cut medical research funding and its current cuts to health funding," Mr Abbott said.

The Bio-Breakfast also heard from the Deputy Leader of the Greens and Member for Melbourne, Adam Bandt, who successfully moved a non-binding motion in the House of Representatives, seconded by Ms O'Dwyer, calling on the Government not to cut research and development funding in the coming May Budget (BD: Feb 7, 15, 2013).

Mr Bandt said that the Greens had adopted a policy of raising research and development funding to three percent of GDP by 2020.

He said that through tax-breaks on diesel fuel, the mining industry was effectively subsidized by other taxpayers and this was an example of "a de facto industry policy" which needed to be addressed.

Mr Bandt asked the Bio-Melbourne meeting for concrete plans to improve commercialization.

Ms O'Dwyer said the Coalition aimed to raise funding from the current 2.2 percent of GDP to three percent of GDP and said her Party was interested in setting "the right framework" for commercialization and funding.

D3 chief executive officer Prof Craig Rayner told the Bio-Breakfast that there was a large number of Australian expatriates around the world who could be encouraged to be "sea turtles" and return home bringing their knowledge and international contacts with them or leveraging Australian international networks.

Prof Rayner said there was a need for "a faculty of experts to advise on investment as well as design advanced development programs".

Biotech Daily editor David Langsam facilitated the question and answer session.

BENITEC BIOPHARMA

Benitec says it has raised \$800,000 through a placement to institutional and sophisticated investors at 1.3 cents a share and will conduct a 25-to-one share consolidation.

Benitec said that investors would receive two attaching options for every five shares purchased, exercisable at 1.3 cents by February 18, 2015.

The company said the funds would take its lead hepatitis C program through final US regulatory approvals for a phase I/II trial expected to begin this year.

Benitec said the placement was managed by Lodge Corporate.

The company said it would seek shareholder approval for the share consolidation at a meeting expected to be held in May, 2013.

Benitec was unchanged at 1.3 cents with 2.7 million shares traded.

IMUGENE

Imugene says that Japan has allowed a patent application for its Linguet drug delivery technology entitled 'Buccal delivery system'.

Imugene said that the Japanese application provided protection around Linguet's formulations and other specific excipients for a class of drugs that prevented the loss of bone mass, known as bisphosphonic acids and bisphosphonates, used to treat conditions such as osteoporosis and multiple myeloma.

The company said that the Linguet technology enabled the active ingredient of drugs to be absorbed into the bloodstream when placed inside the cheek, via the buccal mucosa, or sublingually, under the tongue.

Imugene said that the proprietary tablet could improve the efficacy and safety of a range of prescription and over-the-counter medicines, with the first target vitamin D deficiency.

Imugene executive director Dr Nick Ede said the patent would "allow us to investigate the potential for our vitamin D target, a key factor in promoting calcium absorption, to be combined with bisphosphonates used to treat bone loss and expand its commercial appeal".

Imugene said it had completed feasibility testing and formulation development for a Linguet form of vitamin D and expected to file for UK regulatory approval in 2014.

The company said that vitamin D deficiency was "a major public health concern" affecting 31 percent of Australian adults and more than one billion people worldwide and was associated with pre-diabetes, osteoporosis, cardiovascular health and prostate cancer.

Imugene said that current oral vitamin D supplements were absorbed through the gastrointestinal tract erratically and led to momentary surges of vitamin D in the blood stream, limiting the effectiveness of the treatment.

The company said that its formulation was designed to be absorbed directly into the blood stream to deliver a controlled dose which could restore circulating vitamin D levels more rapidly, effectively and safely.

Imugene was unchanged at one cent.

GENETIC TECHNOLOGIES

Maurice Blackburn has lodged an appeal against Federal Court Justice John Nicholas judgment in favor of Myriad, Genetic Technologies on gene patenting (BD: Feb 15, 2013).

Maurice Blackburn lawyers is representing Cancer Voices Australia and others against Myriad, Genetic Technologies and others in the case and told Biotech Daily that a notice of appeal was lodged yesterday and the next court date was April 17, 2013.

Genetic Technologies was untraded at 8.3 cents.

COGSTATE

Two companies chaired by former ANZ Bank and Woodside chairman Charles Goode have become substantial shareholders in Cogstate with 4,466,222 shares (5.83%)

The initial substantial shareholder notice said that Ravenscourt and Beta Gamma (Walsh Street Super Fund) of Victoria Street St Kilda Victoria acquired the shares between March 24, 2010 and March 4, 2013 at prices ranging from 19 cents to 35 cents a share.

The notice was signed by Charles Goode and Cogstate chief executive officer Brad O'Connor confirmed that Mr Goode was the former ANZ Bank chairman.

In its 2012 annual report Cogstate said that MF Custodians (the Myer Family) held 18.84 percent of the company.

Cogstate was untraded at 35 cents.

RESMED

Resmed says that chief executive officer Michael Farrell's base salary will be \$US750,000 (\$A732,050) a year.

Resmed said that Mr Farrell would be eligible for a further 100 percent of that salary in performance based bonus, as well as three grants of 'performance stock units' vesting over four years, valued at \$US1,730,000.

The company said that executive chairman Dr Peter Farrell would have salary cut from \$US950,000 to \$US500,000 and would be eligible for a bonus of up to 100 percent of his salary.

Resmed said that chief operating officer Robert Douglas would have a base salary of \$US650,000 and would be eligible for a bonus up to 90 percent of his salary.

The company said Mr Douglas would be entitled to performance shares worth up to \$US1,000,000, vesting over three years.

Resmed was up five cents or 1.2 percent to \$4.34 with 5.2 million shares traded.